

## Message Text

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ORIGIN EB-07

INFO OCT-01 EUR-12 IO-10 ISO-00 FEA-01 AGR-05 CEA-01

CIAE-00 COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05

L-03 LAB-04 NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15

STR-04 TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01

AF-06 ARA-06 EA-07 NEA-10 /132 R

DRAFTED BY EB/OT/GCP:SAHMAD:MEH

APPROVED BY EB/OT:CWSCHMIDT

COMMERCE:RFRANCIS

STR:SLANDE (SUBS)

L/EB:PTRIMBLE (SUBS)

TREASURY:AGAULT (SUBS)

AGRIC:KREYNOLDS (SUBS)

LABOR:ACOYLE (SUBS)

EUR/WE:FOURIER (SUBS)

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P R 201819Z DEC 75

FM SECSTATE WASHDC

TO AMEMBASSY LISBON PRIORITY

INFO USDEL MTN GENEVA

USMISSION OECD PARIS

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E.O. 11652: N/A

TAGS:ETRD, PO

SUBJECT: GSP FOR PORTUGAL

REF: (A) STATE 254877, (B) FERRER-KELLY TELCON

(C) SCHMIDT-FERRER TELCON

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1. WASHINGTON AGENCIES HAVE CONSIDERED GOP PROPOSAL

(TELCON REF B) TO EFFECT THAT GOP WOULD PRESENT NOTE STATING ITS INTENTION REMOVE PREFERENCE MARGIN ON 17 ITEMS LISTED US NOTE REFTEL A BUT NOT ACTUALLY DO SO UNTIL SOME TIME WITHIN 90 DAYS OF JANUARY 1. GOP WOULD PROPOSE AT THAT TIME GIVE US NOTE IN REPLY AS SUGGESTED REFTEL A.

2. AS INDICATED IN TELCON C, USG WOULD REQUIRE RECEIPT CONCURRENTLY OF ASSURANCES WITH RESPECT TO FUTURE AS WELL AS ASSURANCES RE CURRENTLY ADVERSELY AFFECTED EXPORTS. FURTHERMORE, TRADE ACT REQUIRES THAT GOP EITHER ELIMINATE THE ADVERSE EFFECT OR TAKE SOME ACTION BEFORE RPT BEFORE JANUARY 1 TO ASSURE THAT IT WILL BE ELIMINATED (SECTION 502(B)(3)). THUS WHILE MARGINS DO NOT HAVE TO BE ELIMINATED BEFORE JANUARY 1, GOP MUST TAKE SOME REASONABLE OFFICIAL ACTION IN THE DIRECTION OF ELIMINATING THE ADVERSE EFFECT (E.G., PROMULGATION OF DRAFT DECREE) BUT NOT NECESSARILY A REDUCTION OF DUTIES, BEFORE JANUARY 1. THEREFORE WE PROPOSE GOP GIVE US THE FOLLOWING NOTE:  
A. BEGIN TEXT. THE MFA PRESENTS ITS COMPLIMENTS AND REFERS TO THE EMBASSY'S NOTE

B. IT WILL BE RECALLED THAT THE REFERENCED NOTE CONCERNED THE PROVISIONS OF THE TRADE ACT OF 1974, SPECIFICALLY THE PROVISIONS DEALING WITH THE UNITED STATES GENERALIZED SYSTEM OF PREFERENCES. THE MINISTRY IS NOW IN A POSITION TO INFORM THE EMBASSY OF THE FOLLOWING ASSURANCES BY THE GOVERNMENT OF PORTUGAL.

C. IN ORDER TO ELIMINATE PREFERENTIAL TREATMENT SIGNIFICANTLY ADVERSELY AFFECTING UNITED STATES EXPORTS TO PORTUGAL, THE GOVERNMENT OF PORTUGAL WILL REDUCE ON A MOST FAVORED NATION BASIS THE DUTIES ON THE 17 TARIFF ITEMS IN THE LIST ATTACHED TO THE REFERENCED NOTE TO THE SAME LEVEL AS APPLIED TO THOSE PRODUCTS COMING FROM OTHER DEVELOPED COUNTRIES, NAMELY, FROM THE EEC. THIS ACTION WILL BE INITIATED BY JANUARY 1, 1976, AND WILL BE CONCLUDED WITHIN 90 DAYS FROM THAT DATE. FURTHERMORE, IT IS THE INTENTION OF THE GOVERNMENT OF PORTUGAL TO AVOID ANY SIGNIFICANT ADVERSE EFFECTS IN THE FUTURE ON US EXPORTS TO PORTUGAL THAT MAY RESULT FROM PREFERENTIAL LIMITED OFFICIAL USE

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TREATMENT GRANTED BY PORTUGAL TO EXPORTS FROM THE EUROPEAN ECONOMIC COMMUNITY. TO THAT END, AND ALSO BEARING IN MIND THE PROVISIONS OF SECTION 502(B)(3) OF THE TRADE ACT, THE GOVERNMENT OF PORTUGAL WILL REDUCE DUTIES ON A MOST FAVORED NATION BASIS TO THE LEVEL APPLIED TO PRODUCTS OF THE EUROPEAN COMMUNITY ON ALL ITEMS WHICH MEET THE FOLLOWING CRITERIA:

D. THAT IMPORTS FROM THE UNITED STATES IN THE MOST RECENT CALENDAR YEAR FOR WHICH STATISTICS ARE AVAILABLE EXCEEDED 250,000 DOLLARS ON THE BASIS OF THE FOUR DIGIT PORTUGUESE NOMENCLATURE IN FORCE ON JULY 1, 1975.

E. THAT THE SHARE OF THE EUROPEAN ECONOMIC COMMUNITY IN THE TOTAL OF PORTUGUESE IMPORTS WAS AT LEAST 10 PERCENT DURING THE MOST RECENT CALENDAR YEAR.

F. THESE REDUCTIONS OF DUTY SHALL BE IMPLEMENTED WITHIN THREE MONTHS OF PUBLICATION OF PORTUGAL'S OFFICIAL IMPORT TRADE STATISTICS FOR THE PREVIOUS YEAR, BEGINNING WITH THE PUBLICATION OF SUCH STATISTICS FOR THE CALENDAR YEAR 1975 AND EACH YEAR THEREAFTER, BUT NO LATER THAN JULY 1 OF THE YEAR AFTER THE GIVEN CALENDAR YEAR.

G. TARIFFS ON ITEMS WHICH MAY BE OF PARTICULAR INTEREST TO THE UNITED STATES, BUT WHICH DO NOT QUALIFY FOR REDUCTIONS UNDER THE CRITERIA STATED ABOVE, WILL BE

REDUCED IF UNITED STATES TRADE IN SUCH ITEMS WOULD OTHERWISE BE SIGNIFICANTLY ADVERSELY AFFECTED BY PREFERENTIAL TREATMENT AFFORDED TO THE EUROPEAN ECONOMIC COMMUNITY. SUCH REDUCTIONS SHALL BE IMPLEMENTED WITHIN THREE MONTHS OF PUBLICATION OF PORTUGAL'S OFFICIAL IMPORT TRADE STATISTICS FOR THE PREVIOUS YEAR, BEGINNING WITH THE PUBLICATION OF SUCH STATISTICS FOR THE CALENDAR YEAR 1975 AND EACH YEAR THEREAFTER, BUT NO LATER THAN JULY 1 OF THE YEAR FOLLOWING THE GIVEN CALENDAR YEAR.

H. FURTHERMORE, AT THE REQUEST OF EITHER COUNTRY JOINT REVIEWS WILL BE HELD TO CONSIDER THE PRODUCTS TO BE AFFORDED SUCH TREATMENT. SIMILARLY AT THE REQUEST OF LIMITED OFFICIAL USE

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EITHER COUNTRY, DISCUSSIONS WILL BE HELD ON SUCH OTHER FACTORS AS THE INTERPRETATION OF THE ABOVE-MENTIONED REQUIREMENTS OF THE TRADE ACT AND THE POSSIBLE IMPACT OF INFLATION ON THE CRITERIA ENUMERATED. THE MINISTRY OF FOREIGN AFFAIRS AVAILS ITSELF OF THE OPPORTUNITY TO RENEW TO THE EMBASSY OF THE UNITED STATES ITS ASSURANCES OF ITS HIGHEST CONSIDERATION. END DRAFT TEXT.

3. ASSUMING RECEIPT OF ABOVE NOTE AT EARLIEST POSSIBLE DATE, IT NEVERTHELESS HIGHLY UNLIKELY FOR US TO BE ABLE TO DESIGNATE GOP AS BENEFICIARY COUNTRY PRIOR TO JANUARY 1 IN LIGHT OF SHORTNESS OF TIME REMAINING AND REQUIREMENT OF LAW THAT PRESIDENT NOTIFY CONGRESS OF HIS INTENT TO DESIGNATE A COUNTRY PRIOR TO DOING SO. HOWEVER, UNDER THIS PROCEDURE, WE COULD DESIGNATE PORTUGAL AS BENEFICIARY

AS EARLY AS POSSIBLE,        THUS GIVING PORTUGAL  
BENEFITS OF GSP VIRTUALLY FROM ITS OUTSET.

4. IT SHOULD BE NOTED THAT IF GOP DOES NOT FOLLOW ABOVE  
PROCEDURE, IT WOULD NOT RPT NOT BE POSSIBLE TO DESIGNATE  
PORTUGAL UNTIL SUCH TIME THAT GOP COMPLETES ITS FULL  
ACTION TO ELIMINATE PREFERENCE MARGINS OR THEIR SIGNIFI-  
CANT ADVERSE EFFECTS.

5. AS INDICATED IN REF C AND IN TEXT OF PROPOSED NOTE  
CONTAINED IN PARA 1 ABOVE, DUTY REDUCTIONS SHOULD BE MADE  
ON AN MFN BASIS. WE COULD NOT ACCEPT SOLUTION TO THIS  
PROBLEM WHICH WOULD RESULT, IN EFFECT, IN GOP EXTENDING  
CERTAIN OF ITS SPECIAL PREFERENCES NOW GRANTED TO EC  
ONLY TO US EXPORTS. KISSINGER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORTS, REGIONAL ORGANIZATIONS, GENERALIZED PREFERENCES (TARIFFS), TARIFF AGREEMENTS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 20 DEC 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1975STATE300205  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** SAHMAD:MEH  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750443-0561  
**From:** STATE  
**Handling Restrictions:** n/a  
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**Legacy Key:** link1975/newtext/t19751222/aaaaatlc.tel  
**Line Count:** 184  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ORIGIN EB  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 4  
**Previous Channel Indicators:** n/a  
**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 STATE 254877  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 28 MAY 2003  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <28 MAY 2003 by MartinML>; APPROVED <12 AUG 2003 by MorefiRH>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
06 JUL 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** GSP FOR PORTUGAL  
**TAGS:** ETRD, PO, EEC  
**To:** LISBON  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006